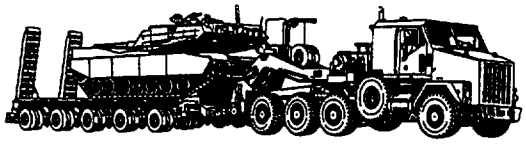
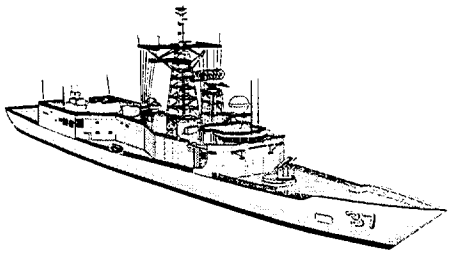
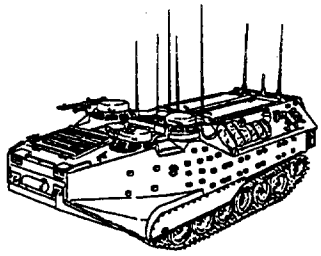
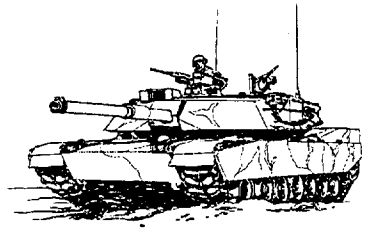
NATIONAL GUARD AND RESERVE EQUIPMENT REPORT FY 1999









FEBRUARY 1998

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1500

RESERVE AFFAIRS

2 FEB 1998

Honorable Strom Thurmond
Chairman, Committee on Armed Services
United States Senate

Honorable Ted Stevens
Chairman, Committee on Appropriations
United States Senate

Honorable Floyd D. Spence
Chairman, Committee on National Security
House of Representatives

Honorable Robert L. Livingston
Chairman, Committee on Appropriations
House of Representatives

Dear Chairmen:

Emphasizing the increasing reliance on Reserve components, Secretary Cohen on September 4, 1997, called upon the Services to "create an environment that eliminates all residual barriers – structural and cultural – for effective integration within our Total Force." He clearly described this integration to include the understanding, ownership, and commitment of the senior leadership to ensure the realization of a seamless relationship in today's military forces.

Increased requirements for the Reserve components to protect United States' interests abroad and during domestic emergencies continue to drive the Department of Defense's intense look at Reserve component equipment readiness. The current equipping strategy ensures that Reserve component units are equipped with modern, compatible equipment that enables them to perform their missions side-by-side with Active component and coalition partners.

Through the Reserve Component Equipping Strategy, progress is being made to ensure that Reserve units are equipped to support the National Military Strategy. This National Guard and Reserve Equipment Report describes the plans each of the Services has to accomplish the state of readiness and integration called for by Secretary Cohen. The narrative and data charts compiled and supplied by each Service explain the current status and projections of future equipment readiness.

I remain convinced that maintaining the integrated capabilities of the Total Force is the key to successfully achieving the goals of shaping, responding, and preparing for the challenges and opportunities confronting the Nation—today and tomorrow. Using the concepts and principles of the National Military Strategy, the Concept for Future Joint Operations, and the Total Force Policy, the Department of Defense will continue managing change and responding to the challenges of restructuring, streamlining and modernizing its Total Force to ensure efficient and effective joint operations.

Sincerely,

Deborah R. Lee

Deborah R. Lee

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

SEP 4 1997

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTORS OF THE DEFENSE AGENCIES
CHAIRMAN OF THE RESERVE FORCES POLICY BOARD

SUBJECT: Integration of the Reserve and Active Components

I want to emphasize the increasing reliance on Reserve components which has occurred since the end of the Cold War and request that DoD leaders recognize and address any remaining barriers to achieving a fully integrated Force. Department policies attempting to integrate the Reserve and Active Components have existed since 1970.

•In August 1970, then Secretary Melvin Laird set this Department on the right course when he directed concurrent consideration of the Total Force, Active and Reserve, in planning, programming, manning, equipping and employing Guard and Reserve Forces. He recognized that the lower peacetime sustaining costs of Reserve force units can result in a larger total force for a given budget. These insights will continue to guide each Service in its planning, programming, budgeting and execution processes.

•In August 1973, then Secretary James Schlesinger directed each Service Secretary to provide the manning, equipping, training, facilities, construction and maintenance necessary to assure that the Selected Reserve units meet deployment times and readiness required by contingency plans. This designation of responsibility continues to be DoD policy. Inherent in this responsibility is setting a common readiness standard for the Active and Reserve components -- tailored to the assigned mission -- and testing both regularly to this standard.

•In June 1982, then Secretary Caspar Weinberger addressed equipment, reiterating that "units that fight first shall be equipped first regardless of component," and that Active and Reserve units planned for deployment at the same time should have equal claim on modern equipment inventories. Clearly, units that fight together should be equipped compatibly, regardless of component. And so, Active and Reserve component units which have similar contingency missions, and which are planned to be deployed in the same phase of a contingency, should have similar claims to compatible equipment.

•In April 1995, then Secretary William Perry reemphasized that we could make increased use of Reserve components to perform operational missions given "better identification of and planning for requirements, flexibility in the training and employment of Reservists, and programming the funding to meet these requirements." He noted that, "Increased reliance on the Reserve Components is prudent and necessary in future policy, planning and budget decisions." Implicit in this statement is the need to work together as a team toward achieving a seamless Total Force.

Today, I ask each of you to create an environment that eliminates all residual barriers -- structural and cultural -- for effective integration within our Total Force. By integration I mean the conditions of readiness and trust needed for the leadership at all levels to have well-justified confidence that Reserve Component units are trained and equipped to serve as an effective part of the joint and combined force within whatever timelines are set for the unit -- in peace and war. Only when the following four basic principles are achieved throughout the Department will Total Force integration be a reality.

- Clearly understood responsibility for and ownership of the Total Force by the senior leaders throughout the Total Force;
- Clear and mutual understanding on the mission for each unit -- Active, Guard and Reserve -- in service and joint/combined operations, during peace and war;
- Commitment to provide the resources needed to accomplish assigned missions;
- Leadership by senior commanders -Active, Guard and Reserve -- to ensure the readiness of the Total Force.

Our goal, as we move into the 21st century, must be a seamless Total Force that provides the National Command Authorities the flexibility and interoperability necessary for the full range of military operations. We cannot achieve this as separate components. Much progress has already been made. We must continue to work towards the principles of Total Force and achieve full integration of the Reserve and Active components.

EXECUTIVE SUMMARY

National Guard and Reserve Equipment Report for Fiscal Year 1999

The Reserve Components Play Key Roles in the National Military Strategy.

Despite the demise of the Soviet Bloc with the end of the Cold War, "regional conflict remains possible, proliferation of weapons of mass destruction is a major concern, and we face a number of nontraditional, transnational, and unpredictable threats to our security." (*The National Military Strategy of the United States of America, 1997*). This environment demands a military response that recognizes fiscal constraints. Thus, the Department of Defense has consolidated functions, eliminated duplication of effort, and improved efficiency in order to preserve effectiveness and spur a revolution in business and military affairs. These changes have touched every element of the Department of Defense, including the Reserve components.

Studies and exercises demonstrate that the national military strategy depends on a Total Force capable of fighting and winning two major theater wars nearly simultaneously. In this environment, the Reserve components (RC) have key roles and participate in every major deployment of U.S. forces. For example, the RC provided airlift, engineering, civil affairs, logistics, communications, and other critical mission support during recent peacetime engagements in Haiti and Bosnia.

The Department of Defense "first-to-fight, first-to-equip" policy, which underlies the Services' equipment distribution policies, requires that equipment be provided to units commensurate with their planned wartime deployment or employment, irrespective of component. As the Service narratives indicate, the first-to-fight policy is working well, particularly for combat equipment and units. However, when scarce resources can only provide modern equipment to those units that would deploy first in a crisis, later deploying units retain older equipment, rely on substitutes, or use equipment cross-leveled from non-deploying units. This gap in equipment capabilities between early and later deployers results in compatibility and sustainment shortfalls. Moreover, in today's strategic environment late deployers for a crisis are likely to be early deployers for peacetime engagements. As the use of RC assets in support of peacekeeping missions continues, more focus must be placed on ensuring these units receive the same equipping priority as the traditional "first-to-fight" units.

The NGRER Describes Reserve Component Equipment Readiness.

The purpose of the National Guard and Reserve Equipment Report (NGRER) is to evaluate the progress of the Services' plans to improve RC equipment readiness as well as portray the current equipment readiness of the Reserve components.

This report contains an Executive Summary, an Analysis Section and Service narratives with accompanying data tables. The report focuses on 1,463 items of combat essential equipment. This combat, combat support and combat service support equipment represents approximately 91 percent of the RC equipment inventory by dollar value and 93 percent of the total FY 1999 mobilization requirements of $121 billion. Currently, the RC

are not equipped to meet the full requirements of the National Military Strategy, particularly with respect to combat support/combat service support (CS/CSS).

To address these shortages, the Department has budgeted over $7.6B in the Service procurement accounts and the NGREA to benefit the Reserve components in the future years of this report, Fiscal Years 1998-2001. However, this report addresses combat essential equipment anticipated for addition to RC inventories which totals approximately $2.7B. Service procurement programs provide for acquisition of items not in this report, which include ammunition and missiles, training simulators, mobilization support systems like the Army's Reserve Components Automation System (RCAS), repair parts and spares, and modification of existing aircraft, weapons and tracked combat vehicles, and other equipment.

The RC Equipping Strategy Has Produced Tangible Benefits.

The Assistant Secretary of Defense for Reserve Affairs (ASD/RA) developed a RC Equipping Strategy to ensure that RC units become equipped to support the National Military Strategy, to include crisis response and peacetime engagements. The long-term goal is to equip Reserve units with modern, compatible equipment. The equipping strategy is based on identifying all RC equipment requirements, using smart business practices whenever possible to resolve equipment shortfalls, and procuring new equipment only when necessary.

In 1996, the ASD/RA issued a White Paper on "Equipping the Reserve Components" describing smart business practices executed by the Reserve components. An initiative widely used throughout the Reserve components is called the Extended Service Program (ESP) or Service Life Extension Program (SLEP). ESP/SLEP is used to extensively rebuild existing equipment. For example, a tactical truck nearing the end of its mechanical and functional life gains an additional 15 years using this method. The ESP/SLEP initiative has been successful in quickly providing modern equipment at significant cost savings to the Reserve units of the Army, Marine Corps, Navy, and Air Force.

In Army units, excess models of certain equipment have been converted to models which are in short supply; for example, heavy cargo trucks have been converted into bridge transporters. The Marine Corps is launching a cost-saving program to modernize utility and attack helicopters into higher capacity systems through extensive upgrades and the addition of four blade rotors. The Marine Corps, Navy, and Air Force routinely modify and upgrade their jet aircraft to increase capability and ensure compatibility within Service fleets.

The Reserve components are using the latest commercial practices, such as just-in-time inventory and controlled humidity storage, to achieve efficiencies and cost savings. In other cases, commercial items are used in lieu of military-specifications, and industry sources are now rebuilding equipment and providing repair parts support. The Service narrative sections discuss further details on the use of redistributed equipment and other smart business practices.

Redistribution Remains the Source of Most RC Equipment.

The Services have programmed equipment with an estimated replacement value of $9.1 billion for distribution to the Reserve components from the beginning of the Fiscal Year 1998 through the end of Fiscal Year 2001, as the following table indicates. Redistribution is projected to account for 67 percent, in line with the 75 percent experienced in earlier years. Redistribution of equipment from the Active component historically has been the primary source of RC equipment.

Source	Estimated Amount (Billion) Fiscal Years 1998-2001	Percent
Service Redistribution*	$ 6.1	67%
New Service Procurement	$ 1.6	18%
NGREA	$ 1.4	15%

* Estimated amount not adjusted for depreciation

The Flow of RC Equipment From All Sources Begins to Levels Off.

In the FY 1999 NGRER the Services project the level of equipment available for the Reserve components from all sources (redistribution, Service procurement, and NGREA) will be approximately the same as projected in the previous NGRER. This means that the steep decline in the value of equipment flowing to the Reserve components has stopped after multiple-years of decreases.

The drawdown of Active forces is almost complete, which will reduce a primary source of redistributed equipment. Redistribution will continue to occur as modern equipment is provided to the highest priority units. As an example, new fighter aircraft are received in a high priority unit freeing up the previous aircraft model, which is redistributed to the next priority unit initiating a sequential redistribution of more modern equipment throughout the Service.

There is also a shortage of operation and maintenance funds needed to bring redistributed equipment up to required maintenance standards prior to transfer; to extend functional life and enhance capabilities through depot equipment overhauls and modifications; to pay transfer transportation costs; and to buy associated items of support equipment.

The following table compares the estimated value of equipment delivery projections to the Reserve component from all sources: Service redistribution, new Service procurement, and NGREA.

NGRER	Report Period	Redistribution	Service Procurement	NGREA	Total Value
FY 1995	FY 1994 - 1997	$ 23.3B	$ 3.5B	$ 2.4B	$ 29.2B
FY 1996	FY 1995 - 1998	$ 14.5B	$ 2.4B	$ 1.5B	$ 18.4B
FY 1997	FY 1996 - 1999	$ 10.7B	$ 3.0B	$ .9B	$ 14.6B
FY 1998	FY 1997 - 2000	$ 5.0B	$ 2.5B	$ .9B	$ 8.4B
FY 1999	FY 1998 - 2001	$ 6.1B	$ 1.6B	$ 1.4B	$ 9.1B

Smart Business Practices and Service Equipping Programs Will Not Fill All RC Shortfalls.

While the NGRER is not designed to provide official budgetary estimates, the Services show a projected shortfall of $15.5 billion remaining by FY 2001 for the equipment required to bring all units to the highest state of readiness. However, this figure assumes that 93 percent of the mobilization requirements' dollar value will be on-hand by FY 2001.

Smart business practices and equipping programs will not solve all RC equipment shortfalls, particularly in the area of support equipment. As the Service narratives point out, there are support equipment shortfalls throughout the Active components which limits the opportunity for redistribution to the Reserve components. The Military Services have been unable to resource new equipment for the Reserve components to the required levels due to the overall decline in procurement funds and the need to apply scarce resources to near-term operational and training requirements. This trend appears to be changing with the submission of the FY 1999 President's Budget.

Types of equipment which can not rely on adequate redistribution from the Active to the Reserve components in sufficient quantities to correct mobilization equipment shortfalls include: modern utility helicopters; specific aircraft modifications; specialized communications systems; night vision devices; tactical wheeled vehicles; and engineering and construction equipment. To achieve required Total Force equipment readiness, the Services program and budget for this critical RC equipment.

RC Equipment Compatibility With the AC has Improved, But Incompatibilities Remain.

The DoD policy directs all Active and Reserve units that fight together be equipped with sufficient quantities of compatible equipment. Measurement of compatibility between equipment items and systems forms a continuum ranging from non-interoperable/ incompatible to identical design/compatible. Since identical model and series equipment is not always affordable, the Services use a variety of approaches to minimize the impact of lack of full compatibility.

The Army groups units into "force packages" with common deployment sequences and equips all units in each force package with the same or highly compatible items. The Marine Corps, on the other hand, generally provides compatible equipment to all Active and Reserve units. The Navy and Air Force assign particular missions to Reserve units and provide them with appropriate equipment to complete these missions. Examples of this "mission compatibility" approach include naval mine warfare and air defense of the Continental United States.

Today, equipment incompatibility between Active and Reserve units exists in various categories. All Reserve components share a concern for aviation compatibility among the various aircraft type/model/series. For example, Naval Reserve F/A-18A/B and E-2C aircraft are not able to receive full maintenance support on fleet carriers or air stations due to compatibility problems. Air Reserve component aircraft do not have identical modifications and capabilities across the Total Air Force, however, they still report full mission

compatibility. For example, older engines in Air Reserve component KC-135 aircraft limit logistics compatibility until sufficient engine upgrade kits become available. Inflight refueling missions are still being flown successfully.

Combat equipment such as tanks, armored personnel carriers, artillery pieces, and individual weapons range from state-of-the-art to Vietnam-era weapon systems. Different generations of the same system may fire different ammunition, require different repair parts inventories, and need different maintenance skills.

Tactical wheeled vehicles are in a constant state of modernization and compatibility improvement in all Reserve components. The oldest vehicle models reside in the Army's Reserve components. However, modernization/rebuild programs like the 2 1/2 ton truck Extended Service Program and increased acquisition of the Family of Medium Tactical Vehicles will improve compatibility.

Tactical radios for ground operations in all Reserve components are not fully compatible. When older, single-channel radios are used in the same communications network with new secure radios, effectiveness is reduced in the face of enemy jamming. Air National Guard combat communications and theater air control units are being converted to new digital systems.

Overall, compatibility is gradually improving over time. The following chart represents a macro view of compatibility between Active and Reserve units in each Service.

	Army	Marine Corps	Navy	Air Force	Coast Guard
Tactical	S-M	S	S-M	S	M
Logistics Support	M	S	S-M	S	M
Communication	S-M	S-M	S-M	S	S

(S) Satisfactory (M) Marginal

Conclusion

Operation DESERT SHIELD/DESERT STORM contingency operations on Southwest Asia and peacekeeping engagements in Somalia, Haiti and Bosnia reaffirmed the value and essential roles played by the Reserve components. The success of the Reserve components is the result of years of efforts to build and maintain readiness. The equipment readiness goal is to ensure the Reserve components have compatible equipment to enable mission accomplishment side-by-side with the Active forces and coalition partners.

This National Guard and Reserve Equipment Report presents a projection of increasing future equipment readiness. The withdrawal of older equipment and the introduction of modern equipment is steadily improving compatibility. Although reduced, redistribution continues to play a major role in enhancing the overall equipment readiness of the Reserve components. The availability of combat essential support equipment, in the Active and Reserve components, to satisfy mobilization requirements and sustain combat operations is still a concern.